

The Director
Central Intelligence Agency



Washington, D.C. 20505

DDA 0762/2
ER 80-741/A

10 APR 80

Mr. Edward R. Jayne II
Associate Director for National
Security and International Affairs
Office of Management and Budget
Washington, D.C. 20503

Dear Randy:

I have investigated the operation and management of [redacted] stock fund which you raised in your letter of March 17, 1980, and must confess that my concern is not as deeply felt as that which you expressed. I came to this conclusion because we do follow the General Accounting Office Policy and Procedures Manual, and make every reasonable effort to price our ordnance stocks at current values.

There are two major factors which impact upon any edict that stock issues from [redacted] be costed at current replacement value.

[Large redacted area]

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Mr. Edward R. Jayne II

In order for this automated system to function, the price must be in the computer at the time of issue. Our fiscal officers must know and be able to obligate, precisely, the funds required to support an issue from stock. They must certify to the availability of funds or risk contravening statutes such as the Anti-Deficiency Act. If forced to await the determination of replacement cost, the result would be either a delay in effecting issues or requiring the responsible fiscal officer to, in effect, issue a blank check which would place this individual in an untenable position.

My responsibility in this instance is twofold: to insure that the ability of this Agency to react to the legitimate demands of the Nation's policymakers is not unduly impaired, and further, that such responses are conducted in a manner consistent with existing statutes and other regulations by which we must abide. To do as you suggest, therefore, would create a situation in which we would either suffer an indeterminable delay in reaction time, which currently can be measured in hours, or else place certain individuals, such as certifying officers, in jeopardy.

This rather lengthy explanation is in no way intended to excuse the Agency from following the accepted pricing standards as laid down by the GAO. We do, and will continue to, make every effort to abide by these policies and you may be assured of my full cooperation in this regard.

Yours,

/s/ Carlene
STANSFIELD TURNER

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Originating Office:

/s/ James H. McDonald

Director of Logistics

2 APR 1980

Date

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